

FEB - 9 1998

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

To: The Commission

No. of Copies rec'd
List ABCDE

TABLE OF CONTENTS

	Summary	i
I.	BACKGROUND	2
II.	INTRODUCTION	3
III.	COMMENTS	5
	A. The Commission Should Award Damages for Violations of its Program Access Rules.	5
	B. The Commission Should Expedite the Resolution of Program Access Complaints.	12
	C. The Program Access Rules Should be Expanded to Cover Terrestrially-Delivered Programming.	16
IV.	CONCLUSION	18

SUMMARY

As Multichannel Video Programming Distributors ("MVPDs") marketing and distributing cable and broadcast programming to more than 800,000 rural households via Direct Broadcast Satellite ("DBS") and C-Band satellite technology, the National Rural Telecommunications Cooperative ("NRTC") and its members have repeatedly urged the Commission to strengthen its program access rules so that competing MVPDs are on a level playing field with incumbent cable providers. The Commission has yet to respond with adequate regulatory safeguards to deter discriminatory pricing practices or to prevent other program access violations. As a result, widespread, meaningful competition in the MVPD market has yet to take root.

The program access rules have fallen short of meeting the Congressional intent of increasing competition to cable by providing competing MVPDs greater access to popular programming. The discriminatory pricing practices and unfair methods of competition which led to the promulgation of the program access rules remain in existence today. These shortfalls in the program access rules are caused by inadequate incentives for compliance, by a lengthy, and often ineffective, complaint process and by the ability of vertically-integrated programmers to evade the rules by switching delivery technology.

NRTC again urges the Commission to reevaluate its program access rules and to provide more effective mechanisms to enforce these rules. To that end, NRTC urges the Commission to: (1) impose damages for price discrimination and other program access violations; (2) expedite review of program access complaints; and (3) expand the program access rules to cover terrestrially-delivered programming, formerly delivered by satellite.

BEFORE THE
Federal Communications Commission

WASHINGTON, D.C. 20554

In the Matter of:)	
)	
Implementation of the Cable)	CS Docket No. 97-248
Television Consumer Protection)	
and Competition Act of 1992)	
)	
)	
Petition for Rulemaking of)	
Ameritech New Media, Inc.)	
Regarding Development of)	
Competition and Diversity in)	
Video Programming Distribution)	
and Carriage)	
)	
)	
To: The Commission)	

**COMMENTS OF
THE NATIONAL RURAL TELECOMMUNICATIONS COOPERATIVE**

Pursuant to Section 1.415 of the Commission's Rules and Regulations, the National Rural Telecommunications Cooperative ("NRTC"), by its attorneys, hereby submits these comments in response to the Notice of Proposed Rulemaking in the above-captioned proceeding.¹ NRTC urges the Commission to promote additional competition in the multichannel video programming distribution ("MVPD") market by strengthening its program access rules. To that end, NRTC urges the Commission to: (1) authorize the award of damages as a remedy for price discrimination and other program access

¹ Notice of Proposed Rulemaking, 64 Fed. Reg. 1943 (released December 18, 1997) ("NPRM").

violations; (2) establish new procedural rules to expedite the resolution of program access complaints; and (3) extend program access rules to encompass terrestrially-delivered programming that was previously delivered by satellite.

I. BACKGROUND

1. NRTC is a non-profit cooperative association comprised of 521 rural electric cooperatives and 231 rural telephone systems located throughout 48 states. NRTC's mission is to assist its members and affiliates in meeting the telecommunications needs of more than 60 million American consumers living in rural areas. Through the use of satellite distribution technology, NRTC is committed to extending the benefits of information, education and entertainment programming to rural America, on an affordable basis and in an easy and convenient manner, just as those services are available over cable in more populated areas of the country. In short, NRTC seeks to ensure that rural Americans receive the same benefits of the modern information age as their urban counterparts.

2. In 1992, NRTC entered into an agreement with Hughes Communications Galaxy, Inc., the predecessor in interest to DirecTV, Inc., ("DirecTV") to launch the first high-powered DBS service offered in the United States. NRTC members and affiliates invested more than \$100 million to capitalize the first DBS launch, and in return received distribution rights for DirecTV programming ("DirecTV®") in specific regions of the country. NRTC, its members, and affiliated companies currently market and distribute up

to 175 channels of popular cable and broadcast programming to more than 750,000 rural households equipped with 18" DBS receiving antennas. Additionally, using C-Band technology, NRTC and its members market and distribute packages of satellite-delivered programming called "Rural TV®" to some 60,000 home satellite dish ("HSD") subscribers throughout the country.

3. During the 10 years since its inception, NRTC has participated extensively in virtually all Congressional hearings and Commission proceedings addressing issues related to program access for rural America. Most recently, NRTC filed Comments and Reply Comments in response to the 1997 Notice of Inquiry into the Status of Competition in Markets for the Delivery of Video Programming ("1997 Competition Inquiry"). In its pleadings, NRTC urged the Commission to strengthen its pro-competitive rules and policies in several key areas. NRTC argued that MVPDs who demonstrate that they have been overcharged for programming in violation of the program access rules should at a minimum be entitled to receive damages in the amount of their overpayments. NRTC also urged the Commission to expand its program access rules to cover vertically-integrated programmers retransmitting programming through terrestrial means.

II. INTRODUCTION

4. In response to a Petition for Rulemaking filed by Ameritech New Media, Inc. ("Ameritech"),² the Commission issued its Notice of Proposed Rulemaking

² Ameritech New Media, Inc. Petition for Rulemaking, filed May 19, 1997 (RM No. 9097) ("Ameritech Petition")

("NPRM") seeking comments on revisions to several aspects of the program access rules. The Commission's NPRM requests comments on the issues of: (1) specific time limits for the resolution of program access proceedings; (2) discovery as a matter of right; and (3) the imposition of damages for violations of the Commission's program access rules. Additionally, at the request of DirecTV, the Commission seeks comments on expansion of the program access rules to cover satellite-delivered programming that has been converted to terrestrially-delivered programming. Lastly, at the request of the Small Cable Business Association ("SCBA"), the Commission asks for comments on eliminating the joint and several liability requirement relating to cooperative buying groups.

5. NRTC agrees with Ameritech that the Commission should reconsider its program access rules in light of: (1) future program access complaints which are likely to focus increasingly on discriminatory pricing and practices; (2) the failure of widespread, meaningful competition to take root in the video marketplace; and (3) highly significant, new marketplace developments such as the accelerating trend toward consolidation in the cable industry, which pose a threat to the protections afforded by Section 628.³ To that end, NRTC urges the FCC to strengthen its current program access rules regarding imposition of damages for violations of program access rules, expedited review of

³ Ameritech Reply at pp 7-8.

program access complaints (through the adoption of time limits for the resolution of program access proceedings and implementation of discovery as a right), and expansion of the program access rules to cover certain terrestrially-delivered programming.

III. COMMENTS

A. The Commission Should Award Damages for Violations of its Program Access Rules.

6. The 1997 Competition Report made it abundantly clear that "broad-based, widespread competition to the cable industry has not developed and is not imminent."⁴ More than five years after Congress passed the 1992 Cable Act, the absence of significant competition to cable and the increasing number of program access complaints, both formal and informal, have demonstrated the need for program access rules that can positively influence the development of competition to cable. Since the FCC began implementation of the program access provision of the 1992 Cable Act, NRTC has urged the Commission to better fulfill the Congressional intent of increased competition in the MVPD market and for continued access to programming⁵ by awarding damages to MVPDs aggrieved by program access violations.

⁴ Separate Statement of Chairman William E. Kennard In the Matter of Annual Assessment of the Status of Competition in Markets for the Delivery of Video Programming, CS Docket No. 97-141 (released January 13, 1998).

⁵ 47 U.S.C. § 548(a).

7. Section 119 of the 1992 Cable Act was enacted to increase competition and diversity in the multichannel video programming market, to increase the availability of satellite cable programming and satellite broadcast programming to persons in rural and other areas not able to receive such programming, and to spur the development of communications technology.⁶ Congress was concerned that potential competitors to incumbent cable operators face unfair hurdles when attempting to gain access to the programming they need in order to provide a viable and competitive multichannel alternative to the American public.⁷ To that end, the 1992 Cable Act prohibited cable operators, satellite cable programming vendors in which a cable operator has an attributable interest, and satellite broadcast programming vendors from engaging in unfair methods of competition and unfair or deceptive acts or practices.⁸ The Commission also was charged with developing rules to prohibit unlawful price discrimination. To accomplish these objectives, the Commission was granted broad authority to "order appropriate remedies." 47 U.S.C. § 628(e)(1).

8. In April 1993, the FCC released its First Report and Order implementing the program access rules.⁹ The Commission announced that it did not believe that the

⁶ 47 U.S.C. § 548(a).

⁷ 1992 Cable Act § 2(a)(4).

⁸ 47 U.S.C. § 548(b).

⁹ Implementation of Sections 12 and 19 of the Cable Television Consumer Protection and Competition Act of 1992, MM Docket No. 92-265, First Report and Order, 72 RR2d 649 (1993) ("Program Access Order").

1992 Cable Act “grants the Commission the authority to assess damages against the programmer or cable operator” for a program access violation. It concluded that in most pricing discrimination cases “the appropriate remedy will be to order the vendor to revise its contracts or offer to the complainant a price or contract term in accordance with the Commission’s findings.”¹⁰ It declined to adopt rules awarding damages for a violation of the program access rules.

9. On June 10, 1993, NRTC filed a Petition for Reconsideration of the Program Access Order, requesting that the Commission reverse its determination that it is not authorized by the 1992 Cable Act to award damages to an aggrieved MVPD for a violation of the program access rules.¹¹ NRTC noted that Congress provided the FCC with ample authority to order all “appropriate remedies,” and that damages have traditionally been regarded as an appropriate remedy for violation of the Commission’s non-discrimination requirements.¹² NRTC also noted that complaint proceedings may require a considerable amount of time for successful prosecution at the Commission and that during the pendency of the complaint, the programmer could continue to discriminate with impunity against the complaining MVPD. NRTC contended that it would be patently unfair to require the MVPD to continue paying the discriminatory rates with no

¹⁰ Id. at ¶ 134.

¹¹ NRTC Petition for Reconsideration in MM Docket No. 92-265 at p. 6 (June 10, 1993).

¹² Id. at pp. 4-6.

hope of ultimately recovering those unfair payments from the programmer in the form of damages. Damages, NRTC argued, are completely warranted to make the aggrieved party whole, and are necessary to provide an incentive to program vendors to discontinue their discriminatory pricing practices.¹³ NRTC's Petition received the support of the Bell Atlantic Telephone Companies, and the Consumer Federation of America, but was met with predictable opposition from programming vendors and cable operators.¹⁴

10. In response to NRTC's Petition for Reconsideration of the Program Access Order, the Commission reversed its earlier decision and concluded that it did in fact have "authority" to make an award for damages as a result of a program access violation -- but the Commission determined that it was not "necessary" at that time to create such a remedy. Rather, the Commission decided to monitor its current processes and to revisit the issue if appropriate in the future.¹⁵ The Commission stated:

Sanctions available to the Commission, pursuant to Title V, together with the program access complaint process, are sufficient to deter entities from violating the program access rules. Our experience over the past year suggests that the program access provisions of the statute and our implementing regulations are successfully working to

¹³ Id. at 7.

¹⁴ Oppositions to NRTC's Petition were filed by Discovery, Liberty Media, Superstar, Time Warner, United Video, Viacom and Landmark.

¹⁵ Implementation of the Cable Television Consumer Protection and Competition Act of 1992 Development of Competition and Diversity in Video Programming Distribution and Carriage, Memorandum Opinion and Order, 10 FCC Rcd 1902, 1911 (1994).

achieve Congress' goal of increasing competition to traditional cable systems by providing greater access by competing multichannel systems to cable programming services. If, contrary to our expectations, it is brought to our attention that the current processes are not working, we will consider revisiting this issue.¹⁶

11. A year later, the Commission revisited the program access rules in the context of revising its rules and policies for DBS service.¹⁷ The FCC requested comment on whether the existing program access rules adequately addressed vertical foreclosure concerns arising from integration among DBS operators, other MVPDs and program vendors, especially in connection with "headend in the sky" distribution from DBS satellites.¹⁸ NRTC once again argued that the program access rules should be amended to allow for the award of damages for a program access violation. The Commission declined to address the damages issue in the context of a rulemaking to revise rules and policies for DBS service, but noted that it would revisit this issue "[s]hould NRTC or any other party bring a complaint based on substantial evidence of a program access violation."¹⁹ NRTC, in fact, pursued four separate Unlawful Price Discrimination Complaints at the Commission, all without benefit of explicit recognition in the

¹⁶ Id.

¹⁷ Revision of Rules and Policies for the Direct Broadcast Satellite Service, Notice of Proposed Rulemaking, FCC 95-443, IB Docket No. 95-168, PP Docket No. 93-253 (October 30, 1995).

¹⁸ Id. at ¶¶ 57-62.

¹⁹ Revision of Rules and Policy for the Direct Broadcasting Satellite Service, IB Docket No. 95-168, PP Docket No. 93-253, Report and Order, 11 FCC Rcd 9712 at ¶ 107, note 212 (December 15, 1995) ("DBS Order").

Commission's rules that NRTC could receive back from the program vendors any demonstrated overpayments paid in violation of the price discrimination requirements.²⁰

12. NRTC, in pleadings filed in response to the 1995, 1996 and 1997 Competition Inquiries, continued to urge the FCC to strengthen its program access rules and to award damages for proven violations of the program access rules. It has been clear for years that the failure of the Commission to award damages for violations of the program access rules is thwarting competition in the MVPD market. NRTC has repeatedly characterized this deficiency in the Commission's program access rules as an economic disincentive for compliance, since violators are permitted to reap the monetary and competitive benefits achieved while they are in continuing violation of the Commission's rules.

13. The cable industry's discriminatory pricing practices and the lack of an adequate regulatory response by the Commission is creating an increasingly larger bottleneck to competition. In 1997, several competing MVPDs filed separate program access complaints against vertically-integrated programmers. Even the successful outcome in these complaint proceedings²¹ was apparently disappointing since the

²⁰ See, e.g., NRTC, Complainant v. Southern Satellite Systems, Inc. and Netlink USA, Defendants; NRTC v. United Video, Inc., Memorandum Opinion and Order, 7 FCC Rcd 3213 (1992).

²¹ The FCC determined that Rainbow discriminated against Bell Atlantic in the sale of satellite video programming in violation of Section 628(c)(2)(B) of the

aggrieved parties were not compensated with an award of damages for proven overpayments. Under the Commission's current rules and policies, the Commission merely requires offenders to comply prospectively with the law. The offending parties were the winners from a business perspective because they delayed MVPDs from offering attractive programming and did not suffer any financial penalty as a result of their anticompetitive behavior.

14. Not being able to obtain relief under the Commission's current procedures, Ameritech filed its Petition for Rulemaking on May 16, 1997, requesting that the FCC amend Section 628 to conform with the procompetitive purposes of the 1992 Cable Act.²² Specifically, Ameritech requested that the Commission award damages to "create the needed economic disincentives to discourage violation of Section 628 by cable operators and programmers."²³ NRTC supported Ameritech's efforts to amend the Commission's program access rules through Comments and Reply Comments filed in response to the 1997 Competition Inquiry.

Communications Act, and Section 76.1002 of the Commission's rules. *See Bell Atlantic Video Services Company v. Rainbow Programming Holdings, Inc. and Cablevision Systems Corporation*, Order, 12 FCC Rcd 9892 (CSB 1997); The FCC granted Americast and Ameritech's complaint with respect to claims of price discrimination and discrimination in marketing requirements and dismissed the complaint with respect to claims of discrimination in other terms and conditions. *See Corporate Media Partners d/b/a Americast and Ameritech New Media, Inc. v. Rainbow Property Holdings, Inc.*, Order, DA 97-2040 (rel. Sept. 23, 1997).

²² Ameritech Petition for Rulemaking at pp. 3-4 (filed May 16, 1997).

²³ *Id.* at pp. 1-2.

15. Ameritech's Petition for Rulemaking, as well as the program access complaints filed by competing MVPDs, indicate that discriminatory pricing practices and the lack of an adequate regulatory response by the Commission are no longer just satellite program distribution problems. As demonstrated by the response to Ameritech's Petition and to the 1997 Competition Inquiry, it is clear that the Commission's failure to impose damages for program access violations has substantially delayed the ability of MVPDs across-the-board to compete effectively with cable. NRTC once again urges the Commission to step forward and exercise its authority to award damages to MVPDs aggrieved by a program vendor's unfair and illegal pricing practices.

B. The Commission Should Expedite the Resolution of Program Access Complaints.

16. NRTC believes that the program access complaint process must be expedited through the imposition of specific time periods for the resolution of complaints coupled with the institution of a right to discovery. By the Commission's own estimates, the average processing time of a program access complaint is 8.1 months, 9.5 months including the 30 day answering period and a 20 day reply period.²⁴ For cases alleging a refusal to sell programming, or exclusivity complaints, the Commission estimates its average processing time, including both a 30 day answer period and a 20 day reply

²⁴ NPRM at ¶ 37, note 115. The 9.5 month average applies in all cases except for exclusivity pursuant to Section 76.1002, which provides for a 30 day answer period and a 10 day reply period.

period, to be 6.5 months.²⁵ The Commission defends perceived delays in its resolution of program access complaints by noting that it has often stayed the resolution of a complaint at the request of counsel for complainants and defendants due to ongoing settlement negotiations between the parties.²⁶ Furthermore, the Commission stated that it is its policy to encourage “resolution of program access disputes through negotiated settlements in an effort to avoid time-consuming, complex adjudication.”²⁷

17. Ameritech proposed that the Commission resolve complaints within 90 days after the filing of the complaint in cases not involving discovery, and within 150 days after the filing of the complaint in cases involving discovery.²⁸ Additionally, Ameritech proposed to shorten the answer period from 30 days to 20 days, and in cases where there is no discovery, to shorten the reply period from 20 days to 15 days. In cases involving discovery, Ameritech proposed that the Commission eliminate replies and instead convene a status conference within five days of the filing of the defendant’s answer.²⁹ The Commission seems hesitant to shorten the pleading cycle for program

²⁵ Id. at ¶ 37, note 116.

²⁶ Id. at ¶ 37.

²⁷ Id. at ¶ 37, note 114. NRTC’s experience indicates that the Commission views its primary enforcement function as encouraging settlement negotiations, not as resolving the merits of Complaints.

²⁸ Id. at ¶ 38.

²⁹ Id. at ¶ 6.

access complaints or to adopt hard and fast resolution periods.³⁰

18. NRTC supports Ameritech's proposal for a 90-day and a 150-day processing period and a shortened pleading cycle. These time limits would permit parties to engage in settlement negotiations while also eliminating delays in the Commission's decision making process which have impeded the development of competition in the MVPD market. At the mutual request of the parties, these dates could be stayed if necessary in particular cases.

19. The expeditious resolution of program access complaints also requires a right to discovery. NRTC agrees with Ameritech that the complexity and difficulty of proving price discrimination cases requires that discovery as of right be available to complainants.³¹ The Commission tentatively concluded that "Ameritech has not demonstrated that the current system of Commission-controlled discovery is inadequate, or that discovery as of right would improve the quality or efficiency of the Commission's resolution of program access complaints."³² Furthermore, the Commission concluded that

³⁰ Id. at ¶ 39. The Commission states that it believes that "processing times for program access complaints will be shortened through the precise statement of issues and evidence allowed by a sufficient pleading cycle. This position is further supported by the possibility that the parties will not only be generating answers and replies during this 30-day and 20-day pleading periods, but will also be developing discovery requests and objections to discovery requests." Id.

³¹ Id. at ¶ 20, citing Ameritech Reply at p. 9.

³² Id. at ¶ 44.

discovery as of right is inconsistent with the goal of expeditious disposition of program access matters.³³

20. Under the Commission's current rules, discovery is permitted only after FCC staff has determined that the complainant has established a *prima facie* case and further information is necessary to resolve the complaint. At that point, FCC staff would determine what additional information is necessary and would develop a discovery process and timetable to resolve the dispute.³⁴ Having filed program access complaints in the past, NRTC understands that alternative MVPDs may not be able to present their best case of program access discrimination at the time of filing the Complaint, because they do not have access to certain documents within the defendant's possession that would demonstrate that a program access violation has occurred. NRTC agrees with the comments made by the Wireless Cable Association International, Inc. ("WCAI") that "in price discrimination cases, absent such documents, it is virtually impossible to prove that a programmer has refused to deal on fair and equitable terms."³⁵ NRTC asserts that resolution of program access complaints, especially in cases alleging price discrimination, can be significantly expedited if the Commission adopts blanket rules requiring the

³³ Id.

³⁴ First Report and Order, 8 FCC Rcd at 3420-21.

³⁵ NPRM at ¶ 11.

automatic submission of certain documents by the defendant upon receipt of a program access complaint.

C. The Program Access Rules Should be Expanded to Cover Terrestrially-Delivered Programming.

21. NRTC continues to support the proposal made by DirecTV that the FCC extend the program access rules to terrestrially-delivered programming under certain circumstances. NRTC addressed the issue of terrestrially-delivered programming in its Reply Comments to the 1997 Competition Inquiry. NRTC noted the Commission's willingness to examine the problem of potential evasion of the program access rules by a cable operator or affiliated programmer switching delivery technology. In its 1996 Competition Report, the FCC recognized that as fiber-optic wiring becomes cheaper and easier to deploy "delivery of programming by terrestrial means instead of via satellite may permit cable operators to abuse vertical relationships between themselves and programmers."³⁶ The Commission took no further steps, however, in closing this loophole in the program access rules, because it determined that it did not have actual evidence that such conduct was occurring.³⁷

22. NRTC agreed with WCAI, Bell Atlantic, BellSouth and Ameritech that vertically-integrated cable programmers may well evade the program access rules by

³⁶ 1996 Competition Report at ¶ 153.

³⁷ Id. at ¶ 154.

delivering their video programming through fiber-optic wiring rather than via satellite.³⁸ WCAI, Bell Atlantic, BellSouth and Ameritech all noted reports that Cablevision Systems Corp., which controls the rights to virtually all major sports programming in the New York Metropolitan area, would soon migrate its popular SportsChannel New York service from satellite distribution to fiber with the express purpose of evading its program access obligations to competing DBS and wireless cable operators.³⁹

23. More recently, DirecTV has filed a program access complaint against Comcast Corp. The complaint is based on Comcast's refusal to sell DirecTV its SportsNet programming in Philadelphia. Comcast argued that it is not required to sell SportsNet to DirecTV because SportsNet is transmitted via microwave, not satellite. NRTC agrees with DirecTV that Comcast's use of a terrestrial delivery method is an unfair practice prohibited by Section 628. Such a practice does "significantly hinder" and prevent competing MVPDs from providing consumers access to satellite cable programming or satellite broadcast programming. The inability of competing MVPDs to offer programming, especially popular sports programming as is the case with DirecTV, impedes the growth of competition in the MVPD market. NRTC urges the Commission

³⁸ See NRTC Reply Comments in CS Docket No. 97-141 at p. 23; WCAI Comments in CS Docket No. 97-141 at p. 7; Ameritech Comments in CS Docket No. 97-141 at p. 19; BellSouth Comments in CS Docket No. 97-141 at p. 15; Bell Atlantic and NYNEX Comments in CS Docket No. 97-141 at p. 6.

³⁹ Id. citing to Geraldine Fabrikant, "As Wall Street Groans, A Cable Dynasty Grows," N.Y. Times, April 27, 1997, at Financial p. 1.

to reexamine its program access rules and to broaden their scope to apply to the delivery of video programming by terrestrial means under these circumstances.

IV. CONCLUSION

24. The program access rules have fallen short of meeting the Congressional intent of increasing competition to cable by providing competing MVPDs greater access to popular programming. The discriminatory pricing practices and unfair methods of competition which led to the promulgation of the program access rules remain in existence today. These shortfalls in the program access rules are caused by inadequate incentives for compliance, by a lengthy, and often ineffective, complaint process and by the ability of vertically-integrated programmers to evade the rules by switching delivery technology.

25. NRTC urges the Commission to take affirmative steps to close these loopholes in the program access rules. NRTC urges the Commission to: (1) authorize the award of damages as a remedy for price discrimination and other program access violations; (2) establish new procedural rules to expedite the resolution of program access complaints; and (3) extend the program access rules to encompass terrestrially-delivered programming that was previously delivered by satellite.

WHEREFORE, THE PREMISES CONSIDERED, the National Rural Telecommunications Cooperative respectfully requests that the Commission encourage the development of competition in the MVPD market by imposing damages for violations of the program access rules, expediting the program access complaint process and extending the program access rules to terrestrially-delivered programming.

Respectfully submitted,

**Steven T. Berman, Senior Vice President
Business Affairs and General Counsel
NATIONAL RURAL
TELECOMMUNICATIONS COOPERATIVE
2201 Cooperative Way, Suite 400
Woodland Park
Herndon, Virginia 20171
(703) 787-0874**

By: _____


Jack Richards

Paula Deza

**KELLER AND HECKMAN LLP
1001 G Street, N.W., Suite 500 West
Washington, D.C. 20001
(202) 434-4210**

Dated: February 2, 1998